

48th Annual Department of Legislative Audit Workshop

Bobbi Leiferman

Office of State Aid and School Finance

May 18, 2022

Overview of the General State Aid Formula

- Formula Number of Teachers
 - Current Year State Aid Fall Enrollment / Target Student-to-Teacher Ratio
 - Sliding Scale for Target Teacher Ratio
 - Less than 200 = 12 students to 1
 - Between 200 & 600 = Sliding scale between 12 to 1 and 15 to 1
 - Greater than 600 = 15 to 1
- Target Teacher Compensation
 - Target Teacher Salary (\$55,756.31) X Benefit Rate (29%)
- Instructional Need
 - Formula Number of Teachers X Target Teacher Compensation
- Non-Instructional Need
 - District Instructional Need X Overhead Rate (38.78%)
- Formula Total Need
 - Instructional Need + Non-Instructional Need

Student Counts

- **State Aid Fall Enrollment**
 - K-12 Students enrolled in all schools operated by the district
 - Count is taken as of the last Friday in September
 - Current school fiscal year student count
- **English Learner Adjustment**
 - Includes 25% of K-12 student count from the prior school year who scored less than 4.0 on the state language proficiency assessment.
 - Current general state aid formula (FY22) included an allowance to utilize 25% of the EL count of eligible students from the Spring of 2020 or Spring of 2021, whichever is greater.
 - FY2023 state aid returns to the original formula of 25% of eligible EL students (scoring less than 4.0 on the language assessment) taking the language assessment test in the preceding year. (Spring of 2022)
- **New in FY2023 - Alternative Instruction Activity Count**
 - Includes 10% of student count from the prior school year of alternative instruction students that participate in high school sanctioned interscholastic activities.

Local Effort

- Local Property Tax Effort

- Property taxes are based on a calendar year (January 1-December 31)
- 2nd half property taxes = 1st Half of state aid local effort
- 1st half property taxes = 2nd half of state aid local effort
- EXAMPLE:

Property Taxes from July –December of calendar year pay 2022= 1st half local effort

Property Taxes from January –June of calendar year pay 2023= 2nd half local effort

- General Fund Property Tax Levies – Pay 2023

- Agriculture – \$1.362 per \$1,000 valuation
- Owner Occupied – \$3.048 per \$1,000 valuation
- Non-Ag (Utilities) - \$6.308 per \$1,000 valuation

- Other Revenue Local Effort

Other Revenue Equalization

- Other Revenues included in the equalization
 - Rural Electric and Telephone Utility Taxes (1140)
 - Local Revenue in Lieu of Taxes (1210)
 - County Apportionment (2110)
 - County Revenue in Lieu of Taxes (2200)
 - Select Wind Farm Taxes (3113)
 - Bank Franchise Tax (3114)
- FY2023 Fully Equalized in the General State Aid Formula
- Continue to budget and receipt each of these revenue sources as usual. There is no change in how the revenue is paid to each district.

Other Revenue Equalization (continued)

Districts may review the revenue amounts reported for all 6 other revenues from a report available in the Annual Financial Report program.

Revenue Account:	<u>1140</u>	<u>1210</u>	<u>2110</u>	<u>2200</u>	<u>3113</u>	<u>3114</u>
FY2017	\$343,293.87	\$0.00	\$377,538.47	\$19,662.10	\$0.00	\$388,310.67
FY2018	\$343,373.18	\$0.00	\$446,617.17	\$19,494.06	\$0.00	\$414,878.29
FY2019	\$332,466.65	\$0.00	\$432,047.51	\$18,090.36	\$0.00	\$395,534.65
FY2020	\$324,734.59	\$9,583.51	\$416,480.96	\$10,260.71	\$0.00	\$543,413.07
FY2021	\$316,244.04	\$20,156.69	\$421,646.00	\$0.00	\$2,762.97	\$560,837.98

Teacher Compensation Accountability

- Compare the average TC reported on the annual report for 2021-2022 school year to the average TC from FY2017.
- The district's FY2022 average **MUST BE equal to or greater than** the reported average from FY2017.
- Penalty for non-compliance - \$500 per total FTE reported on Teacher Compensation
- See Teacher Compensation Calculator - <https://doe.sd.gov/ofm/schoolbudget.aspx>

Teacher Compensation Accountability

- Teacher Compensation Reporting
 - Data is pre-filled from the Personnel Record Form Database
 - Includes K-12 Certified Instructional Staff
 - Shared Teachers are reported by the District holding the teacher's contact and paying the salary/benefits.
- Examples of Staff excluded from this reporting
 - Non-certified teachers, general education Pre-K teachers, guidance counselors, librarians, technology directors/coordinators, long term substitutes (non-contract), administrators and classified staff.

<https://doe.sd.gov/ofm/documents/19-TC-Guidance.pdf>

Timeline for Teacher Compensation

- **Currently available** - Teacher Compensation calculator available to all school district administrators to determine if meeting the accountability regarding average TC.
- **July 1, 2022** - school districts may start to enter TC data (Annual Financial Report)
- **August 1, 2022** - Teacher Compensation data is due. (SDCL 13-8-47)
- **August 30, 2022** - Teacher Compensation data is considered late and subject to penalties (SDCL 13-8-47 & 13-13-38)
- **September 30, 2022** – Office of State Aid and School Finance staff complete their review and notify school district administrators to finalize their submission by signing final certification.
- **October 7, 2022** - All districts will be notified by email of their Teacher Compensation accountability status and potential penalties pursuant to SDCL 13-13-73.6. (ARSD 24:44:01:04) based on submitted data.
- **October 14, 2022** - TC waiver form will be made available for districts to use.
- **November 3rd, 2022** - Teacher Compensation waiver form and all supporting documentation for must be submitted to DOE (ARSD 24:44:01:08).
- **Before November 28, 2022** - SFAB board will meet to review submitted waivers. All districts submitting a waiver must be in attendance.
- **Within 5 business days of the board's determination**- SFAB will meet to approve a written report of their determinations and submit the report to the Joint Committee on Appropriations for approval. (ARSD 24:44:01:08)

Monthly Cash Balance Accountability – General Fund

- % of cash balance = lowest monthly amount divided by the TOTAL general fund expenditures for the fiscal year (may not include any “other financing uses”).
- Allowable percentages: (student count is the lesser of the 2 previous years or the current year)
 - » Student count less than 201 40%
 - » Student count 201 to 599 30%
 - » Student count greater than 599 25%
- FY2022 Annual Report Cash Balances are covered under the 2-year waiver granted due to the impact of the Covid-19 pandemic.
- Beginning on July 1, 2022 (FY2023 annual report cash balances) – cash balance information will be used to determine FY2024 general state aid penalties.

Special Education State Aid Formula

- Based on Prior Year Student Counts
- Each Disability Level has a Funding Allocation per Student
- Disability Categories

Level 1	10.72% of Student Population	\$6,532
Level 2	Cognitive Disability & Emotionally Disturbed	\$15,411
Level 3	Hearing Impairment, Deafness, Visual Impairment, Deaf-Blindness, Orthopedic Impairment or Traumatic Brain Injury	\$19,682
Level 4	Autism	\$15,981
Level 5	Multiple Disability	\$34,293
Level 6	Prolonged Assistance	\$9,066

Special Education State Aid Formula

- Levy Effort
 - Actual SE Levy / Maximum Levy for Local Effort Purposes
- Special Education Levies – Pay 2023
 - Local Effort, 100% participation funding formula – \$1.399 per \$1,000 valuation
 - Maximum Levy (required for ECF) – \$1.599 per \$1,000 valuation
- Excess Fund Balance Limitation
 - Greater of 25% of annual expenditures or \$100,000 or
 - 10% of annual expenditures if receiving additional funding through the Extraordinary Cost Fund

Extraordinary Cost Fund (ECF)

- Funding available FY2023 = \$5,500,000 (maximum)
- Annual application available during the month of April
- ECF Board meets to review the applications and make recommendations to Secretary Sanderson regarding funding.
- Approved funding requests included with monthly state aid payment in May of each year.

School Budget Resources

<https://doe.sd.gov/ofm/schoolbudget.aspx>

—	2023 School Budget
<ul style="list-style-type: none">• 5 Year History of General Fund Levies & Allocations• 5 Year History of Special Education Levies & Allocations• Capital Outlay Fact Sheet, February 2022• General State Aid Calculator• Special Education Aid Calculator• FY2023 Maximum Capital Outlay Tax Request• Teacher Compensation Accountability Calculator• Excess Special Education Fund Balance Calculator• Excess General Fund Cash Balance Calculator• General State Aid Issue Brief, FY2023• Other Revenue Equalization (based on FY21 data) for FY2023• Sparsity Aid Calculator• Special Education Issue Brief, FY2023• Wind Energy Issue Brief• FY2022 Capital Outlay Transfer Calculator	

State Aid Payment Website

<https://doe.sd.gov/ofm/statefunding.aspx>

- Calculations of Funding Allocations
 - General State Aid
 - Special Education State Aid
 - Sparsity Aid
- Individual Monthly Payments
- Year End Summary Reports
 - State Aid Payments
 - Utility Taxes and Other State Revenues
 - Wind Energy Tax Revenues
 - One Time Distributions (if applicable)



Contact Information

Bobbi Leiferman

Program Administrator

Office of State Aid and School Finance

Bobbi.Leiferman@state.sd.us

605-773-5407